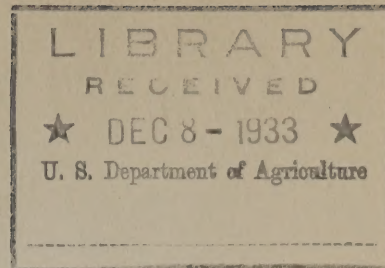


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MARKETING AGREEMENT FOR MILK  
NEW YORK MILK SHED



We are submitting herewith draft of the Agreement proper, together with Exhibit A. In order to expedite submission to the parties, this material has not been proof read. The thought is that all changes, substantive or otherwise can be made at one time.

It will be noted that Paragraph 19 has been omitted from the Agreement. We feel that it may be possible to incorporate most of the material contained therein in Exhibit B upon which we are now working.

Nathan Witt.

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MARKETING AGREEMENT FOR MILK

NEW YORK MILK SHED

PART I

The parties to this Agreement are the Contracting Distributors and the Contracting Producers, as hereinafter defined, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended, -

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909 - July 1914; and -
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as deemed feasible in view of the current consumption demand in domestic and foreign markets; and -
- (c) To protect the consumers' interest by re-adjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmer in the pre-war period, August 1909 - July 1914; and

WHEREAS, the Milk Control Boards of the States of Connecticut, New Jersey and Vermont and the Secretary of Agriculture of the Commonwealth of Pennsylvania have indicated their intention to co-operate with the Secretary in effectuating such policy; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of milk in the New York Milk Shed, and the distribution thereof, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act;

NOW THEREFORE, the parties hereto agree as follows:

PART II

As used in this Agreement, the following words and phrases are defined as follows:

1. "Secretary" means the Secretary of Agriculture of the United States.

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

1911

The following is a list of the members of the Division of the Physical Sciences for the year 1911.

The members of the Division of the Physical Sciences are as follows:

1. J. A. B. [Name]

2. J. A. B. [Name]

3. J. A. B. [Name]

4. J. A. B. [Name]

5. J. A. B. [Name]

6. J. A. B. [Name]

7. J. A. B. [Name]

8. J. A. B. [Name]

9. J. A. B. [Name]

10. J. A. B. [Name]

11. J. A. B. [Name]

12. J. A. B. [Name]

13. J. A. B. [Name]

14. J. A. B. [Name]

15. J. A. B. [Name]

16. J. A. B. [Name]

17. J. A. B. [Name]

18. J. A. B. [Name]

19. J. A. B. [Name]

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21. J. A. B. [Name]

22. J. A. B. [Name]

23. J. A. B. [Name]

24. J. A. B. [Name]

25. J. A. B. [Name]

26. J. A. B. [Name]

27. J. A. B. [Name]

28. J. A. B. [Name]



2. "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

3. "Person" means individual, partnership, corporation, trust or association.

4. "Milk" means liquid milk, and/or buttermilk, and/or fresh, sour or storage cream, and/or condensed or concentrated whole milk except condensed and concentrated whole milk contained in hermetically sealed cans. Any reference to quantity shall mean the whole milk equivalent, except in case of buttermilk.

5. "Producer" means any person who produces and markets milk within the boundaries of the New York Milk Shed, as hereinafter defined.

6. "Contracting Producer" means:

(a) Any of the following persons who may become parties signatory to this Agreement:

(1) Any incorporated association of producers;

(2) Any producer who, on the effective date of this Agreement, is delivering milk, or who, for any period of thirty consecutive business days during the calendar year immediately preceding such date, was delivering milk to a duly inspected and approved plant or to a duly inspected and approved city distributing station;

(3) Any producer who, after this Agreement first takes effect, is authorized by the Administrative Board, in the manner provided in Exhibit B, to become a party signatory to this Agreement;

(b) Any of the following persons:

(1) Any producer who accepts the terms and conditions of this Agreement in the manner provided in Part \_\_\_\_, Paragraph \_\_\_\_;

(2) Any producer who, in any manner, has authorized any incorporated association of producers to become a party signatory to this Agreement in his behalf.

7. "Inspected and approved" means inspected and approved pursuant to health regulations in force in any marketing area subject to this Agreement.





8. "Distributor" means any person who deals in and/or handles and/or ships and/or distributes milk in any marketing area subject to this Agreement.

9. "Contracting Distributor" means any distributor who may become a party signatory to this Agreement.

Dairymen's League Cooperative Association, Inc. (a cooperative corporation organized under the Laws of the State of New York and hereinafter referred to as "Dairymen's League"), as to all of its distributing activities in marketing areas subject to this Agreement, shall be governed by schedules of prices for distributors' sales, hereinafter set forth in Exhibit C, the Rules of Fair Practices for Contracting Distributors, hereinafter set forth in Exhibit D and to the provisions hereinafter set forth in Exhibit B relating to payments to and from the Blending Fund therein provided.

10. "Council" means the Milk Research Council, Inc., a non-profit corporation organized under the Laws of the State of New York.

11. "New York Milk Shed" means:

(a) The territorial areas located in the following States:

(1) The State of New York.

(2) The following Counties in the State of New Jersey:

Bergen	Hudson	Somerset
Passaic	Warren	Monmouth
Morris	Union	Ocean
Essex	Middlesex	Sussex

(3) The following Counties in the State of Vermont:

Bennington  
Rutland  
Addison

(4) The following Counties in the State of Pennsylvania:

Wayne	Lackawanna	Clinton
Susquehanna	Wyoming	Union
Bradford	Sullivan	Luzerne
Tioga	Lycoming	Monroe
Potter	Forest	Snyder
McKean	Elk	Columbia
Warren	Cameron	Montour
Erie	Clearfield	Northumberland
Pike	Centre	

(b) Other areas located in the States of Connecticut, Maryland, Massachusetts, New Jersey, Pennsylvania and Vermont contiguous to duly inspected and approved plants or city distributing stations, as listed in Schedule \_\_\_\_, hereto attached and made a part hereof.





(c) All marketing areas subject to this Agreement

12. "Marketing Areas" shall include the Metropolitan Area and all natural marketing areas as hereinafter defined.

13. "Metropolitan Area" means the Greater New York - New Jersey Metropolitan Area which includes the following territory:

- (a) The City of New York, N.Y., and the Counties of Nassau, Suffolk, Westchester and Rockland, in the State of New York;
- (b) That portion of the County of Fairfield in the State of Connecticut lying south and west of a line projected from the town of Fairfield, Conn, northwesterly to the nearest point on the New York State line;
- (c) The Counties of Hudson, Bergen, Passaic, Essex, Union, Middlesex, Somerset, Morris and that portion of Monmouth and Ocean Counties in the State of New Jersey bordering on the Atlantic Ocean, including the coastal area commonly known as the north shore resort section, the municipalities of Morgan, Keyport, Red Bank, Long Branch, Asbury Park, Toms River and Points south to Brigantine Inlet, which separates the Counties of Ocean and Atlantic.

14. "Natural Marketing Areas" means such areas within the New York Milk Shed which have a population of more than 10,000 persons and which are listed in Exhibit \_\_\_\_, attached hereto and made a part hereof.

15. "Administrative Board" means the Administrative Board for the Administration of the New York Milk Agreement established pursuant to the provisions of Part III of this Agreement.

16. "Control Boards" means the Milk Control Boards of the States of New York, New Jersey and Connecticut.

17. "Subsidiary" means any person, of or over which a contracting party has, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

18. "Affiliate" means any person which has, either directly or indirectly actual or legal control of or over a contracting party, whether by stock ownership or in any other manner.

19. "Books and Records" means books, records, accounts, contracts memo-





randa, documents, papers and correspondence, or any other data pertaining to the business of the person in question.

20. "Regional Board" means the Regional Milk Industry Board, established pursuant to the provisions of Exhibit \_\_\_\_\_, attached hereto and made a part hereof.

21. "National Board" means the National Milk Industry Board, established pursuant to the provisions of Exhibit \_\_\_\_\_.

22. "Director" means the director chosen by the Administrative Board pursuant to the provisions of Part III, Paragraph \_\_\_\_\_ of this Agreement.

23. "Fiscal Agent" means the fiscal agent designated by the Administrative Board pursuant to the provisions of Part III, Paragraph \_\_\_\_\_ of this Agreement.

### PART III

1. There shall be organized as promptly as possible after execution of this Agreement by the contracting parties an Administrative Board to consist of twenty-one members, as follows:

- (a) Six members representing Departments of Agriculture of the States of New York, Pennsylvania and Vermont and the Milk Control Boards of New York, New Jersey and Connecticut.

Said members shall be designated to office as follows:

One member designated by the Commissioner or Secretary of Agriculture of each of the States of New York, Pennsylvania and Vermont who may be the Commissioner or Secretary aforesaid, or his nominee; one member by each Control Board from its members. If, and as, a Control Board shall be established by the Commonwealth of Pennsylvania, the term of the Secretary of Agriculture of that State or his nominee, as such member, shall terminate upon the designation by the Control Board of one of its members to said office.

- (b) Seven members representing Contracting Producers. Said members shall be designated to office as follows: Three members designated by Dairymen's League; two members designated by Sheffield Producers Cooperative Association, Inc. (a cooperative corporation organized under the Laws of the State of New York and hereinafter referred to as "Sheffield Producers"); two members designated by the State Grange of the States of New York,





Pennsylvania, New Jersey and Vermont and the State Federation of Farm Bureaus of the States of New York, New Jersey and Vermont, who shall not be members of Dairymen's League or Sheffield Producers, but shall be producers whose farms are duly inspected and approved, and provided further, that one of said members shall be a producer within 120 miles of New York City, and the other member shall be a producer beyond said distance.

The two Members last mentioned shall be designated to office by a joint session of the respective masters and secretaries of the State Grange of New York, Pennsylvania, New Jersey and Vermont and the respective presidents and secretaries of the State Federation of Farm Bureaus of New York, New Jersey and Vermont.

Said joint session shall be held in the City of New York at the New York State Office Building at 80 Centre Street at the call of and at a time to be fixed by the Chairman of the New York Control Board.

The Masters, Presidents and Secretaries aforesaid shall receive from the Administrative Board all necessary expenses incurred by them for the purpose of attending said joint session.

- (c) Seven members representing Contracting Distributors. Said members shall be designated to office as follows: ---- members by the Greater New York - New Jersey Milk Institute, Inc. (a corporation organized under the Laws of the State of New York, and hereinafter referred to as the "Milk Institute"); ---- members designated by the New York State Milk Distributors, Inc. (a corporation organized under the Laws of the State of New York); ---- members designated by the Pennsylvania State Association of Milk Dealers, Inc. (a corporation organized under the Laws of the State of Pennsylvania).
  - (d) An individual shall be elected to membership by the above members of the Administrative Board to act as Director with powers and duties as hereinafter set forth. Said member shall qualify to office only upon approval of the Secretary.
2. (a) Each member of the Administrative Board designated under subparagraph (a) of this Paragraph 1, shall, subject to the provisions of said sub-paragraph (a) respecting the term of the





Secretary of Agriculture of the State of Pennsylvania or his nominee, hold office, unless sooner recalled, for the period of ----, next following his designation, and thereafter until his successor shall have been duly designated.

The Director, elected and qualified to office as provided in sub-paragraph (d) of this Paragraph 1, shall hold office for the period of ----, next following his election and qualification, and thereafter until his successor shall have been duly elected and qualified to office by approval of the Secretary.

Each member of the Administrative Board designated under sub-paragraphs (b) and (c) of this Paragraph 1, shall hold office, unless sooner recalled, for the period of ----, next following his designation.

- (b) Any member of the Administrative Board designated under sub-paragraphs (a), (b) or (c) of this Paragraph 1 may be recalled, at any time and regardless of cause, by the authority who designated him to the membership.
- (c) Any vacancy occurring in the membership of the Administrative Board, whether by death, resignation or otherwise, may be filled by the authority then entitled to such representation thereon, provided only, that a vacancy in the office of Director shall be filled by election and qualification to office as prescribed in sub-paragraph (d) of this Paragraph 1.

If any vacancy in the membership of the Administrative Board shall continue for a period of more than ----, the Secretary may fill the same by appointment.

3. Within ----- following the date of execution of this Agreement, the Administrative Board shall prepare a plan for determining and allocating from time to time fair and equitable representation of the Contracting Producers and Contracting Distributors on the Administrative Board and on its Executive Committee hereinafter set forth. Said plan shall concern the representation thereon of Contracting Producers as among themselves and of Contracting Distributors as among themselves. In preparing said plan due consideration shall be given not





only to relative volume of milk produced and distributed subject to this Agreement, but also to the number of persons engaged in such production and distribution. Said plan shall provide the terms and conditions upon which cooperative associations of Contracting Producers, in addition to Dairymen's League and Sheffield Producers, shall be accorded representation upon the Administrative Board, and when such representation is so accorded, how the representation of the Contracting Producers hereinbefore provided in sub-paragraph (b) of this Paragraph 1 shall be changed. Said plan shall likewise provide the terms and conditions upon which Contracting Distributors, in addition to those designated in sub-paragraph (c) of this Paragraph 1, shall be accorded representation upon the Administrative Board, and, when such representation is so accorded, how the representation of the Contracting Distributors designated in said sub-paragraph (c) shall be changed. Said plan shall be submitted to the Secretary and shall become effective as a part of this Agreement upon approval by the Secretary.

4. The Administrative Board shall elect from its members for such term of office as it may prescribe a Chairman, a Secretary and Treasurer and an Executive Committee consisting of five members as hereinafter provided. The Administrative Board shall meet at least once each month and at such additional times as may be necessary. The Administrative Board, by resolution, shall fix the time and place for said regular monthly meetings and the method of calling any other meetings. Eleven members of the Administrative Board shall constitute a quorum at any meeting of the Administrative Board. The concurrence of nine members shall be necessary to any action, and the Director shall be entitled to vote only in case of a tie vote.

Subject to the requirements set forth in this Agreement, the Administrative Board shall have full power to prescribe rules and regulations governing its own procedure and the procedure of its committees and sub-committees, in order to facilitate performance of its duties and powers under this Agreement.

5. The Executive Committee of the Administrative Board shall consist of five members as follows: The Director; two members representing Contracting Producers, one of whom shall be a member designated by Dairymen's league; two members representing Contracting Distributors.

The term of office of any member of the Executive Committee, except that of the Director, may be terminated by the Administrative Board at any time and regardless of cause.





Any vacancy occurring in the membership of the Executive Committee, whether by death, resignation or otherwise, shall be filled by the Administrative Board consistently with the provisions for representation set out in the first paragraph of this sub-paragraph (j).

The Executive Committee shall meet from time to time as may be necessary and shall perform such duties and powers as are prescribed in this Agreement and such other powers and duties as the Administrative Board may from time to time delegate to Executive Committee.

The Director shall act as Chairman of the Executive Committee and shall have voting power in all cases. Three of the members of the Executive Committee shall constitute a quorum and a concurrence of three members shall be necessary to any action.

6. The members of the Administrative Board shall receive all necessary expenses incurred by them while on necessary business of the Administrative Board. Those members of the Administrative Board who are not receiving salary from a public office shall be paid at the rate of \$12.00 per day for each day necessarily spent by them on business of the Administrative Board. The members of the Executive Committee, the Director and the Secretary and Treasurer shall receive such additional compensation as may be allowed by the Administrative Board and all necessary expenses incurred by them while on necessary business of the Executive Committee.

7. (a) It shall be the duty of the Administrative Board, among other things to provide in behalf of Contracting Producers an equitable distribution of returns from all sales of milk subject to this Agreement. This shall be done by equalizing the burden of surplus milk among producers and by blending the returns from all said sales according to the Marketing Plan set forth in Schedule B hereto attached and made a part of this Agreement.

(b) In equalizing the burden of surplus milk and in executing the Marketing Plan aforesaid the Administrative Board shall establish a fund (hereinafter referred to as the "Blending Fund") to be deposited with and administered by the Fiscal Agent as directed by the Administrative Board.





- (c) The Contracting Producers and the Contracting Distributors agree that after due opportunity for hearing the decision of the Executive Committee shall be final and binding upon the parties with respect to any dispute relating to any payment to or from the Blending Fund, provided only, that the aggrieved party shall have appeal to the Administrative Board under pertinent rules and regulations to be promulgated by the Administrative Board.

8. In addition to its powers and duties elsewhere set forth in this Agreement and in any exhibits or schedules attached hereto, the Administrative Board shall perform the following duties:

- (a) To investigate all charges of violation of this Agreement and in connection with such investigation, to call upon the contracting party against whom such charges have been made to furnish a statement of facts under oath with reference thereto. If, after investigation, which shall include due notice and opportunity for hearing, the Administrative Board decides that the charges are true, it shall then notify the violating party of its conclusions and request immediate discontinuance of such violation. If thereafter the violating party continues in the violation, the Administrative Board shall notify the Secretary, who may take such action with reference thereto as he deems necessary, including cancellation of this Agreement with respect to such party, provided, however, that nothing herein contained shall be construed in derogation of the rights of the Secretary to exercise any powers granted him by the Act.
- (b) To render final decision upon all questions involving the construction of the provisions of this Agreement, including questions respecting the relation of the several provisions in this Agreement and in the exhibits and schedules attached hereto.
- (c) To fix the amount of the bond to be given by the Treasurer of the Administrative Board.
- (d) To appoint auditors to examine the books, records and accounts of Contracting Distributors to verify the accuracy of their reports of classification of milk and of their payments as





required under this Agreement.

- (e) To appoint Certified Public Accountants to audit semi-annually the books and accounts of the Administrative Board. Said books and accounts and the reports of said audits shall, during usual business hours, be open to examination by any party signatory hereto and by any Control Board.
- (f) To compile and publish from time to time information with respect to the operation of this Agreement so that the public may be appraised of the benefits thereof. In so doing, the Administrative Board may employ existing organizations, such as the Grange, Farm Bureau and Extension Departments of State Universities, and such other facilities as the Administrative Board may find feasible.
- (g) To arrange with one or more Contracting Distributors to pay in advance deductions herein provided to be paid to the Administrative Board by Contracting Distributors so as to enable the Administrative Board to organize and function pending receipt of the first payments becoming due to the Administrative Board under this Agreement. Credit for any such advances shall be duly given and interest allowed upon the funds so advanced at a rate of interest not to exceed 6 per centum per annum.
- (h) To rent rooms in the City of New York and elsewhere, and to purchase and/or lease such supplies, furnishings and equipment as may be necessary to carry out the purposes of this Agreement.
- (i) To employ such professional and technical assistants, employees and others as may be necessary to carry out the purposes of this Agreement.
- (j) To receive and enforce collection of all moneys due and payable to the Administrative Board and/or its Fiscal Agent as provided in this Agreement.
- (k) To designate from its members one or more representatives to the National Board and to such meetings and conventions as may be feasible to effectuate the purposes of this Agreement.
- (l) To adjust and settle all matters and accounts pending upon the termination of this Agreement.





- (m) To execute and perform any powers and duties not specifically designated herein which may be necessary to effectuate the purposes of this Agreement, including the promulgation of necessary rules and regulations.



- (m) To determine price averages, and to do all things necessary pursuant to the provisions of Exhibit A.
- (n) To administer the marketing plan set forth in Exhibit B, and to do all things necessary in connection therewith.
- (o) To execute and perform any powers and duties not specifically designated herein which may be necessary to effectuate the purposes of this Agreement, including the promulgation of necessary rules and regulations.

9. Any person aggrieved at any action taken under this Agreement, by the Administrative Board or by any person, may, within thirty days thereafter, appeal to the Secretary, who shall take such action in reference thereto as he deems necessary to effectuate the intent and purposes of this Agreement.

10. In order to enable the Administrative Board to defray expenses incurred in performing its duties and powers under this Agreement, including rendering to Producers who are not members of Dairy-men's League or Sheffield Producers services which shall be substantially equivalent to those now or hereafter rendered by Dairy-men's League or Sheffield Producers to their members, a deduction of five cents per one hundred pounds of milk marketed by Producers under this Agreement shall be made and paid over as follows:

(a) Contracting Distributors shall make the deduction where the milk is not purchased from or through Dairy-men's League or Sheffield Producers and they shall remit the amount so deducted to the Administrative Board on or before the 15th day of each month for all milk marketed during the preceding month.

(b) The Dairy-men's League shall make such deduction monthly on all milk sold by it directly or through Contracting Distributors during the preceding month. If a Contracting Producer who is subject to a marketing contract with Dairy-men's League is not marketing his milk through Dairy-men's League, the Contracting Distributor shall, upon notice from Dairy-men's League, remit the deduction on account of such Contracting Producer to the Dairy-men's League.





(c) The deduction on account of milk purchased from members of Sheffield Producers by Contracting Distributors shall be paid as follows: one cent per one hundred pounds to the Administrative Board and four cents per one hundred pounds to Sheffield Producers.

(d) The Dairymen's League shall pay to the Administrative Board an amount mutually to be agreed upon each month for services rendered to the Dairymen's League by the Administrative Board.

(e) As soon as sufficient experience has been had with the administration of this Agreement, the Administrative Board shall determine whether or not the foregoing provisions for deductions should be amended. In making such determination, the Administrative Board shall give due consideration to the necessity for, and the character and scope of, each of the services rendered to Producers for which charges are made and to the necessary costs of administering this Agreement. The findings of the Administrative Board in this connection shall be published and distributed to Producers. Any such amendments which shall increase any of said deductions shall become effective upon approval of the Administrative Board, sixty-five percent by number of the Contracting Producers and the Secretary. Any such amendments which shall reduce any of said deductions shall become effective upon approval of the Administrative Board and sixty-five percent by number of the Contracting Producers.

(f) Contracting Distributors shall pay to the Administrative Board for payment to the Council such sum per one hundred pounds of milk purchased by them from Producers not members of Dairymen's League or Sheffield Producers, as shall equal the sum per one hundred pounds paid to the Council by the Administrative Board on behalf of such Producers. Contracting Distributors shall pay to the Council such sums per one hundred pounds of milk purchased by them from members of Dairymen's League or Sheffield Producers as shall equal the sums per one hundred pounds paid to the Council on behalf of their members by Dairymen's League and Sheffield Producers respectively.

(g) In lieu of making payments of amounts which may be due to any Contracting Distributor from the Blending Fund, the Fiscal Agent





shall, upon notice by the Administrative Board, credit such amounts against any amounts due to the Administrative Board for deductions payable by such Contracting Distributor as above provided.

(h) Contracting Distributors shall pay the Administrative Board such sums as shall be agreed upon by the Administrative Board and the Contracting Distributors for any services rendered by the Administrative Board which shall be of assistance or benefit to the Contracting Distributors, either exclusively or in common with Contracting Producers. If any disputes shall arise between the Administrative Board and any Contracting Distributor under this sub-paragraph, such dispute shall be referred to the Secretary, whose decision thereon shall be final.

11. The certificate, report or written statement of the Director or of the Secretary of the Administrative Board as to any action, resolution, vote, decision or finding of the Administrative Board shall be conclusive as to Contracting Producers and Contracting Distributors, who may act thereunder and who shall be free from any liability on account of any mistake or omission on the part of the Administrative Board, its Secretary or the Director.

12. The Contracting Producers and the Contracting Distributors agree that the members of the Administrative Board shall incur no personal liability in damages of any kind save for bad faith, gross negligence or willful default.

13. The Administrative Board at, and upon the termination of this Agreement, shall make all arrangements necessary for the preservation of all correspondence, accounts, ledgers and all other files and records whatsoever of the Administrative Board or of the Executive Committee, all of which shall be preserved for a period of six years for the use and benefit of all the parties to this Agreement.



PART IV

1. The schedule governing the prices at which, and the terms and conditions under which, milk shall be sold by the Contracting Producers and purchased by the Contracting Distributors shall be that set forth in Exhibit A, attached hereto and made a part hereof.

2. The plan governing the marketing of milk and payments to Contracting Producers shall be that set forth in Exhibit B, attached hereto and made a part hereof.

3. The schedules governing the prices at which, and the terms and conditions under which, milk shall be distributed and sold in the Metropolitan Area and in natural marketing areas by the Contracting Distributors shall be those set forth in Exhibits C and C-1, respectively, attached hereto and made a part hereof.

4. The schedules set forth in Exhibit A and the plan set forth in Exhibit B shall be changed from time to time by the Administrative Board upon agreement between 65 per cent of the Contracting Producers and 65 per cent of the Contracting Distributors, measured by volume of milk marketed and distributed, respectively, during the calendar month next preceding the date of any such agreement, provided that any such changes shall be effective only upon the written approval of the Secretary.

The schedule set forth in Exhibit C shall be changed from time to time by the Administrative Board upon agreement between 65 per cent of the Contracting Producers, measured by volume of milk marketed for distribution in the Metropolitan Area during the calendar month next preceding the date of any such agreement, and 65 per cent of the Contracting Distributors, measured by volume of milk distributed in the Metropolitan Area during the calendar month next preceding the date of any such agreement, provided that any such changes shall be effective only upon the written approval of the Secretary.

The schedule set forth in Exhibit C-1 for any natural marketing area shall be changed from time to time by the Administrative Board upon agreement between 65 per cent of the Contracting Producers, measured by volume of milk marketed for distribution in such natural marketing area during the calendar month next preceding the date of any such agreement, and 65 per cent of the Contracting Distributors, measured by volume of milk distributed in such natural marketing



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area during the calendar month next preceding the date of any such agreement, provided that any such changes shall be effective only upon the written approval of the Secretary.

The foregoing percentages of Contracting Producers shall include Dairymen's League during such time as the membership of Dairymen's League includes at least 30 per cent of Producers by number.

5. The Schedule of Fair Practices set forth in Exhibit D, attached hereto and made a part hereof, shall be the uniform schedule of fair practices for the New York Milk Shed and the marketing areas. The provisions of such schedule shall be changed from time to time by the Administrative Board upon agreement between 65 per cent of the Contracting Distributors, measured by volume of milk distributed during the calendar month next preceding the date of any such agreement, provided that any such changes shall be effective only upon the written approval of the Secretary. Dairymen's League shall be considered as a Contracting Distributor for the purposes of this paragraph.

6. Each Contracting Distributor agrees to refrain after \_\_\_\_\_, following the effective date of this Agreement, from purchasing milk marketed by any producer who is not qualified to become a Contracting Producer, or who, on notice after the effective date of this Agreement, refuses for a period of \_\_\_\_\_ to become a Contracting Producer. Any producer qualified to become a Contracting Producer who is not a party signatory to this Agreement may become a Contracting Producer and party to this Agreement by executing a counterpart thereof. Each Contracting Distributor agrees to provide counterparts of this Agreement for execution by producers qualified and desiring to become Contracting Producers who deliver milk to such Contracting Distributor. This Agreement shall be effective as to any such producer upon the filing by such Contracting Distributor of the counterpart executed by such producer with the Secretary. The Contracting Distributor shall so file any counterpart so executed within five days after receipt thereof.

7. The plan governing the organization of the several production areas and sales areas, operating under agreements entered into pursuant to Section 8 (2) of the Act, into districts and regions and the designation thereof, shall be that set forth in Exhibit F, attached hereto and made a part hereof. The duties,

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powers and privileges of the district committees, regional boards and national boards shall be those enumerated in Exhibit F.

8. (a) This Agreement shall not annul, cancel, abrogate or modify any existing contracts between Dairymen's League and the producers under contract with it, or between Dairymen's League and any Distributor purchasing milk from it, and Dairymen's League shall continue to carry on all of its operations as before the effective date of this Agreement. This Agreement shall not effect contracts of Sheffield Producers.

(b) Dairymen's League agrees that any Producers not members of Dairymen's League on the effective date of this Agreement shall be permitted to become members of Dairymen's League on an equal basis with existing members similarly circumstanced. Dairymen's League, however, reserves the right to terminate the membership of any such Producers upon the termination of this Agreement.

9. The Contracting Producers and the Contracting Distributors shall severally maintain systems of accounting which shall accurately reflect the true accounts and conditions of their respective businesses, which shall include any subsidiary or affiliate. Their respective books and records (including the books and records of such subsidiaries and affiliates) shall, during the usual hours of business, be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this Agreement, including verification by the Secretary of the information furnished on forms hereinafter referred to. The Contracting Producers and Contracting Distributors shall severally, from time to time, furnish information to the Secretary on and in accordance with form to be determined by him, each of which reports shall be verified under oath. In the event that Dairymen's League, Sheffield Producers, and/or the Administrative Board and the Secretary shall have occasion to collect identical information from the same parties, Dairymen's League, Sheffield Producers and/or the Administrative Board, as the case may be, shall use forms acceptable to the Secretary and arrangements shall be made for identical reports to be submitted to the Secretary, Dairymen's League, Sheffield Producers and the Administrative Board. All information (unless it



would have been otherwise legally obtainable by the Secretary) obtained by or furnished to the Secretary, pursuant to this paragraph, if designated in writing as such when so obtained or furnished, shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand by the President, by either House of the Congress, of any committee thereof, or by any court, or when offered in evidence in any hearing authorized by the Act, or otherwise in the suspension or revocation as to one or more persons of any license issued by the Secretary, whether or not such information was obtained from or furnished by the person or persons with respect to whose license the hearing was held. The Secretary, however, may combine and publish the information obtained from or furnished by the contracting parties in the form of general statistical studies or data. The Secretary may make and issue such regulations and prescribe such penalties in accordance with the provisions of Sub-Section (c), Section Ten(10) of the Act, as he may deem advisable in the event of any violation of the confidence or trust as imposed herein.

10. All milk marketed and distributed under this Agreement shall be produced, received, transported, handled, processed, bottled and distributed in accordance with health laws, ordinances and regulations of State, Municipal, or other political sub-divisions, to the extent that they are applicable.

11. This Agreement confers no exemption from the anti-trust laws of the United States and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

12. The contracting distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable general regulations and milk regulations, Agricultural Adjustment Administration, prescribed by the Secretary and approved by the President, and not otherwise,

13. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and this Agreement shall continue in force until terminated in one of the following ways:





- (a) The Secretary may at any time terminate this Agreement as to all parties thereto by giving at least one day's notice by means of a press release or in any other manner which the Secretary may determine.
- (b) The Secretary may, at any time, terminate this Agreement as to any party signatory thereto, by giving at least one day's notice, by depositing the same in the mail and addressed to such party at his last known address.
- (c) The Secretary shall terminate this Agreement upon the request of 65 per cent of the Contracting Producers, measured by total volume of milk produced by Contracting Producers and marketed for distribution in the marketing areas during the calendar month next preceding the date of any such request, or 65 per cent of the Contracting Distributors measured by total volume of milk distributed in the marketing areas during such calendar month, by giving notice in the same manner as provided in Section (a) of this paragraph. The foregoing percentage of Contracting Producers shall include Dairymen's League during such time as the membership of Dairymen's League includes at least 30 per cent of Producers by number.
- (d) This Agreement shall in any event terminate whenever the provisions of the Act authorizing it cease to be in effect.

14. The benefits, privileges and immunities conferred by virtue of this Agreement shall cease upon its termination, except with respect to acts done prior thereto; and the benefits, privileges and immunities conferred by this Agreement upon any party signatory hereto shall cease upon its termination as to such party, except with respect to acts done prior thereto.

15. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

16. After this Agreement first takes effect any Producer or any Distributor may become a party to this Agreement, if a counterpart thereof is executed by him





and the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges and immunities conferred by this Agreement, shall then be effective as to such new contracting party. This paragraph shall not be construed to limit the provisions of paragraph 6, Part IV of this Agreement.

17. If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement and/or the applicability of any provision to any other person, circumstance or thing shall not be affected thereby.

18. Nothing contained in this Agreement shall be construed in derogation or modification of the rights of the Secretary to exercise any powers granted him by the Act or otherwise, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

19. The Secretary may by a designation in writing, name any person, including any officer or employee of the government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

IN WITNESS WHEREOF, the Contracting Producers and the Contracting Distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations herein contained and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power to enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the anti-trust laws of the United States, and any such agreement shall be deemed to be lawful: Provided, That no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the Contracting Producers and the Contracting Distributors are engaged in the handling of milk in the current of interstate commerce; and (2) that the conditions existing in the marketing and distribution of milk in interstate commerce burden the marketing and distribution of milk in intrastate commerce; and (3) that the marketing and distribution of milk in intrastate commerce is inextricably intermingled with its marketing and distribution in interstate commerce; and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise,



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[illegible]

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do hereby execute this Agreement under my hand and official seal of the  
Department of Agriculture, in the City of Washington, District of Columbia, on  
this \_\_\_\_\_ day of \_\_\_\_\_,  
and pursuant to the provisions hereof declare this Agreement to be effective  
on and after \_\_\_\_\_ Eastern Standard Time, \_\_\_\_\_.

\_\_\_\_\_  
Secretary of Agriculture.

SCHEDULE #1

PLANTS LOCATED CONTIGUOUS TO THE PRODUCTION AREA

<u>Location of Plant</u>	<u>County</u>	<u>State</u>	<u>Operator</u>
Annandale	Hunterdon	New Jersey	Richard Haines
Bellemeade	Somerset	" "	Farmer's Exchange (D.L.)
Bordentown	Burlington	" "	Jersey Maid Co.
Califon (B)	Hunterdon	" "	B.R. Waldron & Sons
Califon (A)	Hunterdon	" "	B.R. Waldron & Sons
Columbus	Burlington	" "	Newark Milk Co.
Flemington	Hunterdon	" "	Dairymen's League Co-op. Ass'n., Inc.
Hightstown	Mercer	" "	Clifford Conover
Hightstown	Mercer	" "	Conrad Decker
Juliustown	Burlington	" "	Walker Gordon Co.
Jutland	Hunterdon	" "	Supreme Milk & Cream Co.
Milford	Hunterdon	" "	B.R. Waldron & Son
New Egypt	Ocean	" "	Newark Milk Company
Pattensburg	Hunterdon	" "	Supreme Milk & Cr. Co.
Sunny Side	Hunterdon	" "	E. C. Wycoff
Three Bridges	Hunterdon	" "	Supreme Milk & Cr. Co.





<u>Location of Plant</u>	<u>County</u>	<u>State</u>	<u>Operator</u>
Whitehouse	Hunterdon	New Jersey	Durling Farms
Woodstown	Salem	" "	Supplee-Wills-Jones
Wrightstown	Burlington	" "	R. Davidson (Clinton Milk Co.)
Canaan	Litchfield	Conneticut	Borden's Farm Produce Co.
Cornwall Bridge	Litchfield	"	Borden's Farm Produce Co.
Danbury	Fairfield	"	Reider Dairy Company
Lime Rock	Litchfield	"	Borden's Farm Produce Co.
Newton	Fairfield	"	Briery Hill Farm
Takonio	Litchfield	"	Grassland Farms
Egremont	Berkshire	Massachusetts	Willow Brook Dairy
Great Barrington	Berkshire	"	Central Dairy
Sheffield	Berkshire	"	Willow Brook Dairy
Charlotte	Chittenden	Vermont	Sheffield Farms Company
Colchester	Chittenden	"	Milton Co-op. Dairy
Enosburg Falls	Franklin	"	Central Dairy Company
Essex Junction	Chittenden	"	Milton Co-op. Creamery Co.
Swanton	Franklin	"	Regent Cheese & Cream Co.
Underhill	Chittenden	"	Richmond Co-op.Ass'n.,Inc.
Belleville	Mifflin	Pennsylvania	Dairymen's League Co-op. Ass'n., Inc.
Biglerville	Adams	"	Hershey Creamery Company
Boiling Springs	Cumberland	"	Peter Hernig Sons
Cambridge Springs	Crawford	"	Mohawk Condensed Milk Co.
Centerville	Crawford	"	Supplee-Wills-Jones
Chambersburg	Franklin	"	Hersey Creamery Company
Christiana	Lancaster	"	Hovey, Stanter & Company
East Lancaster	Lancaster	"	Penn Dairies, Inc.
Easton	Northampton	"	Moyer Dairy Company
Elizabethville	Dauphin	"	Eisenberg Farms Company
Gap	Lancaster	"	Supreme Milk & Cream Co.



<u>Location of Plant</u>	<u>County</u>	<u>State</u>	<u>Operator</u>
Graybill	York	Pennsylvania	George Kotcher
Greencastle	Franklin	"	Hershey Creamery Company
Greencastle	Franklin	"	George Kotcher
Hanover	York	"	Fairfield Western Md.
Hershey	Dauphin	"	Hershey Chocolate Company
Honey Brook	Chester	"	Tri-County Dairy Company
Keystone Mills	Perry	"	Supreme Milk & Cream Co.
Landenberg	Chester	"	Supplee-Wills-Jones
Lebanon	Lebanon	"	Hershey Chocolate Co.
Littlestown	Adams	"	Fairfield Western Md.
Mercersburg	Franklin	"	Supplee-Wills-Jones
Mifflingtown	Juniata	"	Mifflin Creamery Company
Millersburg	Dauphin	"	Hershey Creamery Company
Millerstown	Perry	"	Breyer Ice Cream Company
Mount Joy	Lancaster	"	Buhrmaster & Cooley
New Holland	Lancaster	"	W. J. Markle
Oxford	Chester	"	Eisenberg Farms, Inc.
Philadelphia	Philadelphia	"	Peter Hornig Sons
Port Royal	Juniata	"	Breyer Ice Cream Company
Pottstown	Montgomery	"	Janssen Dairy Company
St. Peters	Chester	"	Eisenberg Farms, Inc.
Spartansburg	Crawford	"	Supplee-Wills-Jones
Stone Church	Northampton	"	Janssen Dairy Company
Titusville	Crawford	"	Titusville Creamery Co.
Williamson	Franklin	"	Hershey Creamery Company
Hagerstown	Washington	Maryland	Supplee-Wills-Jones
Rising Sun	Cecil	"	Sheffield Farms Co., Inc.
Taneytown	Carroll	"	Keystone Dairy



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EXHIBIT A

Rules for Milk Classification, Minimum Class Prices and Class Price Determination.

Classification Prices to be paid by Contracting Distributors shall be determined with reference to the Classified Price Plan set forth in this exhibit and the marketing plan set forth in Exhibit B. Contracting Distributors who produce all or part of the milk distributed by them and who distribute less than 20,000 pounds of milk monthly shall not be included in the operation of the Classified Price Plan and the marketing plan.

A. All milk marketed under the Agreement shall be classified as to its uses, into nine classes, as follows:

1. Class 1 milk: includes all milk so marketed as to be readily open to the supposition that it will find its ordinary utilization by human consumption as raw or pasteurized milk; all milk leaving a milk plant or receiving station in fluid form, in the absence of clear proof that such milk is so utilized as to fall into another class; and all milk utilized in any manner not included within the classes hereinafter set forth.

(a) In the case of a Contracting Distributor who received or handles not more than fifteen hundred forty-quart cans of milk (or its equivalent) monthly, any part of which is Class 1 milk, at least seventy-five per cent of all milk (or its equivalent) received or handled by him shall be included in Class 1, and the remainder in Class 2A.

2. Class 2-A milk: includes all milk so marketed as to be readily open to the supposition that it will find its ordinary utilization as Fluid Cream; and all milk made into sweet or sour cream and leaving a milk plant or receiving Station in such form, in the absence of clear proof that such milk is so utilized as to fall into another class.

3. Class 2-B milk: includes all milk so marketed as to be readily open to the supposition that it will find its ordinary utilization as plain Condensed Milk and in the manufacture of cheese of the soft type, such as Neufchatel, Pimento, Pimento Olive, D'Isigny, Port DeSalut, Lunch, Kosher, Petit Suisse, etc., and any other cheese except those specified by name in Class 3 and 4-B.

4. Class 2-C milk: includes all milk used in the manufacture of ice cream in New York City and all milk from which is derived fresh or storage cream





and unsweetened condensed milk which is used in the manufacture of ice cream in New York City, and all milk from which is derived storage cream used in the manufacture of sour cream.

5. Class 2-D milk: includes all milk used in the manufacture of ice cream outside of New York City and all milk from which is derived cream and unsweetened condensed milk used in the manufacture of ice cream outside of New York City.

B. The minimum base prices for the various classes of milk shall be as follows:

1. Class 1 Milk: \$                      per cwt., for milk containing 3.5%

milk fat delivered to a milk plant or receiving station at a railroad point 201-210 miles distant from New York City.

No off-rail differential from such base price shall be allowed except as authorized by the Administrative Board. Such base price shall be subject to the following differentials, any of which may apply to a specific transaction:

(a) Freight Differentials: To obtain the actual price for Class 1 Milk marketed for distribution in the Metropolitan Area, .455¢ per 100 pounds shall be added to the base price and from the result shall be deducted the actual freight rate applying per 100 pounds of milk from point of shipment to New York City, provided that no such deduction shall exceed .595¢ per 100 pounds. The freight differentials which shall be applicable until new milk freight rates become effective shall be those set forth in Schedule 1, attached to this exhibit and made a part hereof. When new milk freight rates become effective, the Administrative Board shall establish new differentials based thereon. In the absence of clear proof to the contrary, milk received or handled at a milk plant or receiving station less than 200 miles from New York City shall be presumed to be marketed for distribution in the Metropolitan Area.

(b) Milk Fat Differential: The milk fat differential shall be four cents per 1/10 of 1% of milk fat in excess of or less than 3.5%.



(c) Grade A Differentials: Milk which is qualified for sale as Grade A in the Metropolitan Area under the requirements of the New York City Department of Health and of the Milk Control Board of New Jersey or of any other health authority having jurisdiction in the particular case, and which is delivered to a plant similarly qualified, shall have added to the base price the following differentials:

Milk Fat Test (Per Cent)	10,000 or less bacteria colo- nies per c. c.	10,001 to 25,000 bacteria colonies per c.c.
3.4	\$0.15	\$0.075
3.5	.25	.125
3.6	.35	.20
3.7	.40	.25
3.8	.45	.30
3.9 and above	.50	.35

Existing arrangements with respect to Grade A differentials between any association of producers and contracting distributors purchasing milk through such association from its numbers shall not be affected by this section.

2. Class 2 A Milk: \$            per cwt., for milk containing 3.5% milk fat delivered to a milk plant or receiving station at a railroad point 201-225 miles distant from New York City. Such base price shall be subject to the following differentials, any of which may apply to a specific transaction:

(a) Freight Differentials: To obtain the actual price for Class 2 A milk marketed for distribution in the Metropolitan Area, 1¢ per 100 pounds shall be added to the base price for every 25 mile zone under 201 miles, and 1¢ per 100 pounds of milk shall be deducted from the base price for every 25 mile zone over 225 miles.

(b) Milk Fat Differential: The milk fat differential shall be four cents per 1/10 of 1% of milk fat in excess of or less than 3.5%.

3. Class 2 B Milk: \$            per cwt., for milk containing 3.5% milk fat delivered to a milk plant or receiving station at a railroad point 201-225 miles distant from New York City.





Such base price shall be subject to the same freight and milk fat differentials provided for Class 2 A milk in Sections (a) and (b) of paragraph 2 of this article.

4. Class 2 C Milk: \$            per cwt., for milk containing 3.5% milk fat delivered to a milk plant or receiving station at a railroad point 201-225 miles distant from New York City. Such base price shall be subject to the same freight and milk fat differentials provided for Class 2 A milk in Sections (a) and (b) of paragraph 2 of this article.
5. Class 2 D Milk: The base price shall not be less than \_\_\_\_\_¢ per cwt. more than the base price for Class 4 A milk as set forth in paragraph 8 of this article.
6. Class 2 E Milk: The base price shall not be less than \_\_\_\_\_¢ per cwt. more than the base price for Class 4 A milk as set forth in paragraph 8 of this article.
7. Class 3 Milk: The base price per cwt. shall be the monthly average paid by the condensaries listed in Schedule 2, attached to this exhibit and made a part hereof, plus not less than 7¢ per hundred pounds of milk. The Administrative Board shall determine such average monthly price and the addition to be made thereto and shall also compute the milk fat differential upon a direct ratio between milk fat content and such price. Such average monthly prices shall not be subject to freight differentials.
8. Class 4 A Milk: The base price per cwt. shall be determined monthly by the Administrative Board by deducting five cents from the New York average outside quotations for 92 score butter at wholesale as reported by the United States Department of Agriculture, for the current month, and by multiplying the result by the milk fat content of the milk figured on a basis of 16% overrun.
9. Class 4 B Milk: The base price per cwt. shall be determined monthly by the Administrative Board by computing





the average of the weekly quotations per pound of cheese on the following markets:

Twins at Wisconsin Cheese Exchange - Plymouth, Wis.  
Twins at Gouverneur Cheese Board - Gouverneur, N. Y.  
Flats at Cuba Board of Trade - Cuba, N. Y.

4¢ per pound shall be deducted from such monthly average price and the result shall be multiplied by the yield of cheese per 100 pounds of milk in accordance with the following schedule:

<u>B.F. TEST</u>	<u>CHEESE YIELD</u>	<u>B. F. TEST</u>	<u>CHEESE YIELD</u>	<u>B.F. TEST</u>	<u>CHEESE YIELD</u>
3.0%	7.91	4.0%	10.21	5.0%	12.51
3.1	8.14	4.1	10.44	5.1	12.74
3.2	8.37	4.2	10.67	5.2	12.97
3.3	8.60	4.3	10.90	5.3	13.20
3.4	8.83	4.4	11.13	5.4	13.43
3.5	9.06	4.5	11.36	5.5	13.66
3.6	9.29	4.6	11.57		
3.7	9.52	4.7	11.82		
3.8	9.75	4.8	12.05		
3.9	9.98	4.9	12.28		

10. Nothing contained in the Agreement, in this exhibit, or in any other exhibit to the Agreement, shall be construed to prevent a cooperative corporation, organized or operated under or subject to the provisions of Chapter seventy-seven of the Consolidated Laws of New York State, or similar laws of other states and engaged in making collective sales or marketing of milk for producers, from blending the net proceeds of all its sales in the various classes, whether in fluid form or as manufactured products, from paying its members as provided in the Agreement and exhibits thereto, with such deductions and/or differentials as may be authorized by contract between such corporation and its members, or from making collective sales of the milk of its members and/or other producers represented by it, at a blended price based upon sales in the various classes, whether in fluid form or as manufactured products. Nothing contained in the Agreement, in this exhibit, or in any other exhibit to the Agreement, shall be construed to prevent any Contracting Distributor from contracting for his milk with such cooperative corporation upon such basis.



11. In the absence of clear proof to the contrary, it shall be presumed that any milk purchased, received or handled by a Contracting Distributor, except at a plant or receiving station engaged continuously and solely in manufacturing such milk, leaves such plant or receiving station in fluid form.
12. The Administrative Board shall fix, from time to time, and as necessary, off-rail differential charges, and shall adjust prices to producers to the extent made necessary thereby.

EXHIBIT A - SCHEDULE I

ZONE PRICES AND FREIGHT DIFFERENTIAL

Miles	Freight Rate 40 Quart Can Class 1 Milk	Freight Allow- ance per 100# Class 1 Milk	Miles	Freight Rate 40 Quart Can Class 1 Milk	Freight Allow- ance per 100# Class 1 Milk
10 or under	\$ .20	\$ .235	201-210	\$ .385	\$ .455
11-20	.21	.245	211-220	.40	.47
21-25	.225	.265	221-225	.405	.475
26-30	.225	.265	226-230	.405	.475
31-40	.235	.275	231-240	.41	.48
41-50	.25	.295	241-250	.41	.48
51-60	.26	.305	251-260	.425	.50
61-70	.27	.32	261-270	.43	.505
71-75	.28	.33	271-275	.435	.51
76-80	.28	.33	276-280	.435	.51
81-90	.29	.34	281-290	.44	.52
91-100	.30	.355	291-300	.45	.53
101-110	.305	.36	301-310	.455	.535
111-120	.315	.37	311-320	.46	.54
121-125	.325	.38	321-325	.465	.545
126-130	.325	.38	326-330	.465	.545
131-140	.335	.395	331-340	.475	.56
141-150	.34	.40	341-350	.48	.565
151-160	.355	.42	351-360	.485	.57





ZONE PRICES AND FREIGHT DIFFERENTIAL (continued)

Miles	Freight Rate 40 Quart Can Class 1 Milk	Freight Allow- ance per 100# Class 1 Milk	Miles	Freight Rate 40 Quart Can Class 1 Milk	Freight Allow- ance per 100# Class 1 Milk
161-170	\$ .355	\$ .42	361-370	.49	.575
171-175	.365	.43	371-375	.495	.58
176-180	.365	.43	376-380	.495	.58
181-190	.375	.44	381-390	.50	.59
191-200	.385	.455	391-400	.505	.595

NOTE: The above applies to all points except those shown on the following list from which points the Railroads have different rates as indicated.

Auburn, N.Y.	.455	.535	Newark Valley, N.Y.	.41	.48
Belle Meade, N.J.	.30	.35	Owego, N.Y.	.41	.48
Dryden, N.Y.	.41	.48	Spencor, N.Y.	.41	.48
Locke, N.Y.	.45	.53	Waterville, N.Y.	.41	.48
Moravia, N.Y.	.45	.53			

EXHIBIT A - SCHEDULE I

LIST OF MILK PLANTS FOR DETERMINING AVERAGE  
MID-WEST CONDENSARY PRICE  
(As required by Par. 11 - Schedule A)

No.	Plant	State	Operator
1	Mt. Pleasant	Michigan	Borden's Milk Products Co. Inc.
2	New London	Wisconsin	" " " " "
3	Manawa	"	" " " " "
4	Greenville	"	" " " " "
5	Black Creek	"	" " " " "
6	Oxfordville	"	" " " " "
7	Sparta	Michigan	Carnation Milk Products Co. Inc.
8	Chilton	Wisconsin	" " " " "
9	Berlin	"	" " " " "
10	Richland Center	"	" " " " "
11	Conomowoc	"	" " " " "
12	Jefferson	"	" " " " "
13	Hudson	Michigan	Pet Milk Company
14	Wayland	"	" " "
15	Coopersville	"	" " "
16	Allegan	"	" " "
17	New Glarus-	Wisconsin	" " "
18	Belleville	"	" " "
19	Delta	Ohio	" " "



EXHIBIT B

PRODUCTION CONTROL - EQUALIZATION OF PAYMENTS

TO PRODUCERS

A. Production Control

1. The quota of each Producer for each month shall be a quantity of milk equal to 90% of the average of the quantities of milk marketed by him through Distributors and/or Dairymen's League during the corresponding months of the two years immediately preceding such month.

2. The quantity of milk marketed each month by each Producer which is equal to or less than his quota for such month shall be his quota milk for such month. The quantity of milk marketed each month by each Producer in excess of his quota milk shall be his excess milk for such month.

3. (a) On or before the date on which each Contracting Distributor files the first report required to be filed by him pursuant to paragraph 2 of Article B of this exhibit, such Contracting Distributor shall file with the Administrative Board a list of all Producers who were delivering milk to him within one year immediately preceding the effective date of the Agreement, together with the quota of each such Producer for each of the twelve months immediately following the effective date of the Agreement. Within thirty (30) days thereafter, each Contracting Distributor shall notify each such Producer of his quotas for such twelve months.

(b) Simultaneously with making payment to Producers for milk marketed during the preceding month, each Contracting Distributor shall notify each such





Producer of his quota for the corresponding month of the following calendar year, and shall submit to the Administrative Board a list of all such Producers, together with such quotas.

4. (a) Any Producer who is not qualified to become a Contracting Producer, may become a Contracting Producer upon the issuance to him of a certificate of necessity by the Administrative Board, after application by him to the Administrative Board upon forms provided by the Administrative Board. In the event that such application is denied, there shall be a right of appeal to the Secretary in a manner to be determined by the Secretary.

(b) During periods of present or impending shortage of milk for distribution in any marketing area, the Administrative Board may announce that the Contracting Distributors and Dairymen's League may purchase milk from Producers who are not Contracting Producers and/or from producers whose farms are located outside of the boundaries of the New York Milk Shed. Producers whose milk is purchased pursuant to such announcement shall become Contracting Producers in the manner provided in paragraph 6 of Part IV of the Agreement.

5. (a) The quota during each of the first twenty-four consecutive months following the effective date of the Agreement of any Producer (except as provided in section (b) of this paragraph) for whom no records for the fixing of quotas are available shall be fixed as follows:

1. 90% of his deliveries during each of the first twelve consecutive months following the effective date of the Agreement;
2. 90% of his deliveries for the corresponding month of the previous calendar year during each of the next twelve consecutive months following the effective date of the Agreement; and



3. In the manner provided in paragraph 1 of this article during each month thereafter.

(b) The quota of any Contracting Producer who becomes such pursuant to the provisions of paragraph 4 of this article shall be fixed as follows:

(1) 65% of his deliveries during each of the first twelve consecutive months during which he delivers milk under the Agreement;

(2) 80% of his deliveries during each of the next twelve consecutive months during which he delivers milk under the Agreement; and

(3) In the manner provided in paragraph 1 of this article during each month thereafter.

6. The Producer in whose name milk is being delivered on the effective date of the Agreement shall be entitled to the quota with respect to such milk.

7. (a) The Administrative Board may revise the plan for production control set forth in this article, provided that any such revision shall be effective only upon the written approval of the Secretary.

(b) The Administrative Board shall, with the written approval of the Secretary, adopt such rules and regulations with respect to adjustment, retention, division, loss or transfer of quotas as it may deem advisable, provided that such rules and regulations shall not in any manner affect any marketing contracts between any association of producers and its members or other Producers.

#### B. Equalization of Payments to Producers

1. Producers shall, subject to differentials, participate equally each month, on a hundred weight basis, in the blending of the proceeds from the total





sales of all milk marketed by Producers under the Agreement.

2. For the purpose of enabling the Administrative Board to determine the net classification values (as defined in section (c) of this paragraph) of the milk purchased by the Contracting Distributors during each month, the Contracting Distributors shall, within six (6) days after the end of such month, file with Administrative Board reports on forms provided by the Administrative Board with respect to their operations during such month. Such reports shall classify all milk on the basis of its intended utilization at the time of shipment or distribution from the plant at which such milk is received from the Producer; and all values stated therein shall be determined with reference to prices for milk containing 3.5% milk fat. Such reports shall contain the following information:

(a) Classification Sheet

1. The name and location of each plant, arranged alphabetically in groups in accordance with Class 1 freight zones.
2. The total pounds of milk received from Producers at each plant.
3. The value (hereinafter called the "Class 1 Differential Value") of all the milk received from Producers at each plant, which shall be determined by multiplying the amount of milk so received by the Class 1 price for milk containing 3.5% milk fat in the particular zone. The values so reported shall be used by the Administrative Board for the purpose of allocating to Producers the net total of all classification values on a Class 1 freight rate basis.
4. The total pounds of milk received from Producers at each



plant shall be set forth in appropriate columns according to use; and the value of the total amount of milk in each classification shall be determined in accordance with the prices for 3.5% milk in such classification, in the particular zone.

5. The pounds of quota milk and the pounds of excess milk received at each plant.

(b) Milk Fat Adjustment Sheet

1. The volume of milk handled at each plant in the classifications not subject to a milk fat differential of  $4\frac{1}{2}$  per 1/10 of 1%.

2. The value of the milk fat in the milk utilized in each such class over or under a milk fat differential of  $4\frac{1}{2}$  per 1/10 of 1%.

3. The calculations made pursuant to this section shall be totaled for each classification.

(c) Summary Statement

1. Class 1 Differential Value.

2. The total value at the classification prices of all milk received from Producers, which total value is hereinafter called "gross classification value".

3. Net classification value, determined by making the following adjustments to the gross classification value:

(a) Differences in milk fat differentials of the respective classes as shown on the milk fat adjustment sheet.

(b) Market service differentials as set forth and defined Exhibit E:

1. Diversion differentials.





2. Manufacturing plant handling differentials.
3. Supplementary supply differentials.
4. Location differentials.

(c) Any other charge or credit established in the Agreement or exhibits thereto, or subsequently approved by the Administrative Board, such charges or credits to be supported by detailed statements.

3. (a) The Administrative Board shall obtain from the Contracting Distributors, not later than the 25th day of each month, such preliminary reports with respect to their operations during the first 20 days of such month as will enable the Administrative Board to estimate and announce, on or before the first business day of the following month, the price per cwt. (hereinafter called the "Milk Shed Blended Price") for all quota milk marketed during such month.

(b) The Milk Shed Blended Price shall apply to quota milk containing 3.5% milk fat, f.o.b. the 201-210 mile zone. In the determination of the Milk Shed Blended Price, the Administrative Board shall take into consideration the deductions provided for in paragraph 10 of Part III of the Agreement and the Agreement and the probable amount by which the Milk Shed Blended Price will be increased on account of the excess production differential (as defined in paragraph 6 of this article).

4. (a) The Administrative Board shall blend the net classification values of all milk purchased by Contracting Distributors during each month in accordance with the basic prices set forth in Exhibit A. Such blending shall include all sales in the various classifications set forth in Exhibit A.

(b) The blending of proceeds pursuant to the provisions of this article shall not be applicable to any Contracting Distributor who produces



all or part of the milk distributed by him for such month as he handles and/or distributes less than 20,000 pounds of milk.

5. Each Contracting Distributor shall compute the difference between his net classification value for each month and the value of the milk received by him during such month at the Milk Shed Blended Price. If the net classification value exceeds the value of such milk at the Milk Shed Blended Price, such Contracting Distributor shall pay the amount of such excess to the Administrative Board simultaneously with filing reports required to be filed by him pursuant to paragraph 2 of this article. If the value of such milk at the Milk Shed Blended Price exceeds the net classification value, the Administrative Board shall pay the amount of such excess to such Contracting Distributor on or before the 12th day of the month during which such reports are filed. Payments to and by the Administrative Board made pursuant to this paragraph shall be made for the account of the Blending Fund.

6. Upon receipt of the reports required to be filed pursuant to paragraph 2 of this article, the Administrative Board shall immediately summarize such reports and shall determine the total net classification values available for payments to Producers. The Administrative Board shall determine the total volume of quota milk and the value of such milk to be accounted for at the Milk Shed Blended Price. The Administrative Board shall also determine the total volume of excess milk, and shall calculate from the balance of the net classification values the excess production differential to be deducted in making payments to Producers for such excess milk. The excess production differential shall, in no case, be greater than the difference between the Milk Shed Blended Price and the blended price for Class 4A milk, such difference





to be measured by the respective prices for milk containing 3.5% milk fat, f.o.b. the 201-210 mile zone. The Administrative Board shall notify the Contracting Distributors on or before the 9th day of each month of the amount of the excess production differential for the preceding month.

7. The Contracting Distributors shall, on or before the 15th day of each month, pay Producers for quota milk marketed during the preceding month at the Milk Shed Blended Price and for excess milk marketed during the preceding month at the Milk Shed Blended Price less the excess production differential. Dairymen's League shall make payments to its members and to Producers with whom it has marketing contracts for quota milk marketed by Dairymen's League at the Milk Shed Blended Price, and for excess milk at the Milk Shed Blended Price less the excess production differential, and shall make such payments at such times and with such deductions and/or differentials as may be authorized under its marketing contracts with its members and other Producers. Simultaneously with making payments to Producers, each Contracting Distributor and Dairymen's League shall pay the deductions provided for in paragraph 10 of Part III of the Agreement, which deductions shall be deemed part of the price paid to Producers.

8. (a) On or before the 22nd day of each month, each Contracting Distributor shall file with the Administrative Board a final adjustment statement, which shall record the following information with respect to the operations of such Contracting Distributor during the preceding month:

1. The total value of quota milk paid for at the Milk Shed Blended Price;
2. The total value of excess milk paid for at the Milk Shed



Blended Price less the excess production differential;

(3) All payments, charges or credits; and

(4) A reconciliation of all such payments, charges and credits with the net classification value.

(b) Simultaneously with filing a final adjustment statement for any month, each Contracting Distributor whose net classification value for such month exceeds the total amounts paid by him to Producers pursuant to paragraph 7 of this article, shall pay the amount of such excess to the Administrative Board. Immediately thereafter, the Administrative Board shall pay to each Contracting Distributor the total amounts of whose payments to Producers made pursuant to paragraph 7 of this article exceeds his net classification value, the amount of such excess. Any excess of the amounts paid to the Administrative Board over the amounts paid by the Administrative Board pursuant to this section shall be held by the Administrative Board for the account of Producers entitled to share therein and shall be paid to such Producers at such time or times as the Administrative Board shall determine. The Administrative Board may require Contracting Distributors to keep such records as will enable the Administrative Board to make equitable distribution of such amounts to such Producers.

9. Reports required to be made, and payments to and from Contracting Distributors made, pursuant to this article may be made by Dairymen's League with respect to milk purchased by any Contracting Distributor from Dairymen's League.

10. (a) The Administrative Board shall report to the Secretary the failure of any Contracting Distributor to make any payment required to be made





by him to the Blending Fund. The Secretary may thereafter take such action with reference to such failure as he may deem advisable, including termination of the Agreement as to such Contracting Distributor.

(b) Each Contracting Distributor who fails to make any payment to the Blending Fund at the time such payment is due shall pay interest at the rate of 6% per annum to the Administrative Board for the period until payment is made.



EXHIBIT E

As used in this exhibit, "manufacturing plants" means duly inspected and approved plants, which are equipped to ship fluid milk and/or cream to any marketing area, and which are equipped to manufacture milk into:

1. Powdered milk
2. Condensed milk
3. Evaporated milk
4. Casein and/or milk sugar and/or albumen

1. Diversion Differential

A differential of 36¢ per cwt. shall apply to all milk diverted from a fluid milk shipping station<sup>to</sup> a manufacturing plant for the purpose of manufacture, to represent the cost of receiving, cooling, handling and transporting. Such differential shall be known as the "diversion differential", and shall be deducted from gross classification values as provided in paragraph 2 of Article B of Exhibit I

2. Manufacturing Plant Handling Differential

A differential of 22¢ per cwt. shall apply to all milk shipped from manufacturing plants to any marketing area, to represent the additional cost involved in handling such milk at a manufacturing plant. Such differential shall be known as the "manufacturing plant handling differential", and shall be deducted from gross classification values as provided in paragraph 2 of Article B of Exhibit B.

3. Supplementary Supply Differential

If, by reason of insufficient deliveries by Producers to any natural marketing area, it is necessary that milk be shipped during any month from any plant to such natural marketing area, the Administrative Board shall determine a differential, to be known as the "supplementary supply differential", to represent adjustments of the cost of handling and transportation and of the credits for the excess of the price for milk delivered to such natural marketing area, over the price for milk delivered to such plant. Such differential shall be announced





by the Administrative Board simultaneously with the announcement of the Milk Shed Blended Price for such month, and shall be applied as provided in paragraph 2 of Article B of Exhibit B.

#### 4. Location Differentials

The Administrative Board shall fix, from time to time, differentials to be known as "location differentials", to represent differences in value of milk by reason of its production in regions in proximity to marketing areas. In fixing such differentials, the Administrative Board shall determine the amount and proportion of such differential which shall be borne by the Contracting Distributors purchasing such milk and by the Blending Fund, respectively. In fixing such amounts and proportion, the Administrative Board shall take into account the lower transportation cost for such milk. The amounts to be borne by the Blending Fund shall be deducted from gross classification values as provided in paragraph 2 of Article B of Exhibit B.

#### 5. Permits

Diversion differentials, manufacturing plant handling differentials and supplementary supply differentials shall be allowed only for milk handled pursuant to permits issued by the Administrative Board. Such permits shall include such information as the Administrative Board shall determine, including names of persons to whom issued, locations of plants, and period of validity.

